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May 10, 2004

VIA ELECTRONIC MAIL AND HAND DELIVERY

FOR SETTLEMENT PURPOSES ONLY

Timothy Peterson, Esquire
Office of Managing Director
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Eureka Networks f/k/a Eureka Broadband Corporation (Filer ID 820387); Submissions of 499-A and 477 Forms for Prior Years 1998 - 2003; Universal Service Fund Good Faith Payment and Proposed Payment Arrangements

Dear Mr. Peterson:

We are writing on behalf of Eureka Broadband Corporation d/b/a Eureka Networks as successor-in-interest to Gillette Global Network, Inc. ("Eureka" or "the Company"; Filer ID # 820387) to address issues related to the Company's regulatory filing and payment obligations before the Federal Communications Commission ("FCC" or "the Commission") and the Universal Service Administrative Corporation ("USAC"). In particular, this letter is to request an in-person meeting with staff of the FCC to discuss Eureka's proposed payment plan for payment of amounts it may owe to the federal universal service fund ("FUSF"). Consistent with these obligations, we have enclosed a copy of a good faith payment to the FUSF that Eureka is submitting today to USAC.

As described in the attached correspondence from Eureka Chairman Jeffrey Ginsburg, Eureka recognizes that it owes past-due amounts to the FUSF and is willing to commence submission of payments pursuant to a negotiated agreement with USAC. In an effort to expedite resolution of these issues, Eureka, concurrent with this correspondence, is making a retroactive submission of FCC Universal Service forms not filed to date, including original FCC Form 499-A filings for the reporting years 1998 through 2003. Eureka is also submitting a 2004 499-Q, reflecting FUSF eligible revenues for the 1st Quarter of 2004 with payment in full.

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Furthermore, as we have advised Michelle Tilton, Manager, Billing and Collections at USAC, the relevant forms for Eureka are being submitted simultaneously with a two good faith payments, totaling $303,933.43 to USAC's lockbox banking location in Chicago, Illinois.

Finally, enclosed for the Commission's consideration in advance of our meeting, is a Term Sheet with proposed payment plan designed to cure the outstanding balance Eureka believes is owed to the FUSF. As part of the Commission's evaluation of this proposal, we believe it vital that the Commission consider the corporate history and background of Eureka and its subsidiaries. Enclosed with this submission is a copy of Eureka Chairman Jeffrey Ginsburg's correspondence to the Commission concerning this important history. As is evident from the details of its operational history, Eureka is only now able to compile information necessary to evaluate and comply with all of its regulatory obligations.

In short, the combination of a massive reduction in its work force, the disruption to the entire Company due to the tragic events of September 11, 2001, wrenching changes in the telecommunications market, and the natural disruptions associated with coordinating merger integration activities, all have severely handicapped the Company's ability to accurately track its USF requirements. Nevertheless, the Company survived the multiple shocks to its business and is committed to complying with all regulatory obligations.

Toward that end, and as noted earlier, enclosed with its regulatory filings, Eureka has included a payment of $188,918.54 for its liability associated with USF-eligible revenues generated in the first quarter of 2004. This amount is in addition to the payment of $115,014.89, which represents the first payment in the proposed payment plan to settle the Company's outstanding USF balance of $1.15 million. It is the Company's belief that this amount represents the total amount due and owing to the FUSF by the Company to date. It is the Company's expectation that the filing of the outstanding 499-A forms, together with a proposed plan for the complete payment for the FUSF obligation of the Company to date, will ultimately satisfy Eureka's outstanding FUSF obligations.[1]

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[1] Of course, the Company recognizes that the FCC or USAC may impose certain administrative fees, but Eureka requests that these fees and charges be waived in light of the voluntary actions of the Company. Eureka believes its actions have reduced the administrative burden on USAC and the FCC to identify, track, and calculate any outstanding balance owed by Eureka or any of its previously acquired subsidiaries.

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Eureka hopes to reduce the FCC and USAC's administrative burden The Company's desire to comply fully with the Act and the Commissions rules and orders. Eureka is now able to identify records, track revenues, become and stay current regarding its FUSF obligations and, most importantly, continue to thrive as a profitable and healthy competitive telecom service provider to benefit end-user customers.

We, and the representatives of Eureka, look forward to meeting with you and appreciate your consideration of our request.

Respectfully submitted,

Darius B. Withers

Jonathan E. Canis
Darius B. Withers
Counsel to Eureka Networks

Enclosures (as noted)

cc: Ms. Anita Cheng, Assistant Chief, Telecommunications Access Policy Division, Federal Communications Commission
Ms. Ann Marie Trew, Universal Service Administrative Company
Mr. Jeffrey E. Ginsburg, Chairman, Eureka Networks f/k/a/ Eureka Broadband Corporation

EUREKA NETWORKS
www.eurekanetworks.net

May 5, 2004

FOR SETTLEMENT/ DISCUSSION PURPOSES ONLY

Timothy Peterson, Esquire
Office of Managing Director
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: <u>Eureka Broadband – USF Filings and Settlement Proposal</u>

Dear Mr. Peterson:

The purpose of this letter is to provide the Federal Communications Commission (the "FCC" or the "Commission") with additional background information regarding the corporate history of Eureka Broadband Corporation and its subsidiaries ("Eureka" or the "Company"), so that the Commission can more fully evaluate the Company's payment plan with respect to its outstanding USF obligations.

Eureka has been on what can only be described as an "odyssey of survival" since the meltdown in the telecom capital markets occurred and caused many service providers to file bankruptcy, liquidate their assets or otherwise cease to exist. In addition to these oppressive macro-economic conditions, Eureka also had the distinction of being headquartered in downtown Manhattan, and as a result we were profoundly impacted by the events of September 11th. We are proud to have survived the catastrophic events of 9/11 and the overall collapse of the telecom market.

Our survival has not been without many sacrifices along the way, many of which directly impacted our ability to properly calculate and to pay currently our USF charges. We are pleased that we are now able to pay our USF charges on a current fashion, and commence payments on a payment plan to address our outstanding balance. While we recognize that terms of our payment plan are inconsistent with the Commission's suggested guidelines, there are a number of reasons beyond our control that have put Eureka in its current predicament, where we are unable to meet these guidelines. We believe it is vital for the Commission to consider Eureka's corporate history when evaluating this payment plan, as it is evident from a review of the facts that the Company is only now able to compile accurate information and meet all of its regulatory obligations.

<u>Significant Acquisition Activity Created Employee Turnover and Billing Problems</u>

Eureka is a New York City-based resale and facilities provider of telecommunications services to business customers in New York, Maryland, Virginia, and Washington, D.C., that was incorporated in 1999. Eureka offers businesses a single source for voice

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communications services, high-speed Internet, managed security services and data networking solutions. Eureka Broadband Corporation was incorporated in 1999. Since that year, the Company has acquired seven (7) different companies, including Eureka's subsidiaries Gillette Global Network ("GGN") and eLink Communications. We changed our trade name to Eureka Networks in 2003.

Each corporate acquisition increased revenues, customers, access to investment capital, and contributed to the Company's ability to survive the brutal market conditions that prevailed during this time. However, at the time of acquisition, each target company was distressed, plagued with poor record systems, and unstable workforces, which made each merger integration even more difficult than normal. As an illustrative example, Eureka and Gillette Global Network signed a letter of intent to merge in September 2000 (this was Eureka's first acquisition). At the time, the combined entities consisted of 400 individuals. Subsequently, Eureka acquired companies with an additional 100 employees, bringing the total employment from all companies to 500 people. As of March 31, 2004, Eureka maintained a total of 70 employees, an 86% decrease in total personnel. This massive headcount reduction has had a material adverse impact on the ability of the Company to manage many administrative aspects of the business, including our regulatory obligations as applied to each separate corporate subsidiary.

In particular, the absence of a unified billing platform among the different entities created significant problems for the Company – not the least of which was tracking and categorization of revenues. The full integration of the varied operational components of each of the seven acquired businesses (including people, products, customer bases, networks, billing systems, accounting systems, customer care centers, etc.) was a difficult process that has taken a total of three years. In fact, not until late in the third quarter of 2003 did Eureka establish a single, fully integrated, billing system to enable more accurate tracking and identification of USF-eligible revenues.

The Events of September 11, 2001 Profoundly Impacted the Company

The Company is headquartered in downtown Manhattan at 39 Broadway and serves numerous business customers in Manhattan that are connected to downtown switching facilities. Additionally, after much effort, in April 2001, Eureka secured from the Port Authority of New York/New Jersey a contract, which gave the Company the right to deploy a fiber-optic backbone conduit in the risers of #1 and #2 World Trade Center. On the eve of the disaster, Eureka had invested over $500,000 in capital funds into the World Trade Center and was planning for the revenue from this facilities deployment to produce cash flow to grow our business, accelerate our merger integration processes, and develop a unified billing system.

Unfortunately, the disaster at the World Trade Center changed everything for Eureka. Eureka, as a competitive new entrant, relies upon larger, facilities-based, entities to maintain redundant networks which can withstand such calamities. Nevertheless, the loss of AT&T's facilities in World Trade Center Tower 7, as well as the destruction of Verizon's West St. Central Switching Office, caused many of Eureka's customers outside of the WTC complex to experience recurring service problems for months following the disaster. The collapse of the towers disrupted the entire power grid in all of lower Manhattan, which further disabled our entire New York network and customer base. Eureka was very fortunate that we did not lose any employees on that fateful day – our WTC project team had a meeting scheduled for 9:00 am on the 88th floor. All made it out safely, but witnessed the tragedy first hand.

In the immediate wake of the disaster, Eureka recognized the tangible threat to its revenue base and focused our activities on business survival. These activities included the dismissal of 120 people within weeks (reducing personnel from 200 to 80) and focusing 100% of the Company's resources on preservation of our remaining customer base. As noted herein, however, these survival activities resulted in a three year period wherein the Company struggled to comply fully with its regulatory obligations due to lack of access to records, absence of personnel with applicable knowledge, and a targeted focus on the preservation of existing, and precious, revenues.

The Company's Financial Condition

In a manner similar to other telecom service providers, Eureka incurred losses from operations and raised capital to deploy network facilities, all as part of an effort to grow and find new sources of revenue. At our peak in mid-2000, the Company's monthly "burn rate" was approximately $4 million per month. Unlike many other companies, which today are no longer in business, we corrected course early, pulling back from plans to enter more remote geographic markets, and concentrated our efforts in only two markets.

Since July 2001, Eureka has successfully raised equity capital to support our operations and fund our steadily shrinking operating losses. However, a significant use of these proceeds has been to resolve disputes with secured creditors that were threatening to place the Company into involuntary bankruptcy. Eureka continues to operate and has, thus far, successfully avoided a bankruptcy filing. Unfortunately, in an attempt to avoid bankruptcy, the Company has been forced to prioritize our use of limited capital to satisfy creditor's then-immediate claims. These liabilities, which have been satisfied, included:

- A secured lease with Cisco Capital with $5 million outstanding
- A secured loan with Comdisco with $1.4 million outstanding
- An office lease in New York City with 8 years and $17 million in rent payments remaining in the term
- An office lease in Bethesda, MD with over 2 years and $1.5 million in rent payments remaining in the term

If Eureka had been unable to resolve these liabilities, the Company would have been forced to file for bankruptcy protection. Unfortunately, it would have been during those proceedings, under the supervision of the bankruptcy court that the Company would have discovered its obligations to USF associated with the companies we had acquired, in some cases as far back as 1998.

Eureka has, however, achieved greater financial stability and made substantial improvements to our financial position. For the first time, in March 2004, the Company reported positive earnings before interest, taxes, depreciation, and amortization (EBITDA). Nevertheless, Eureka still continues to operate with negative working capital and is not yet in a position to pay its outstanding USF obligations within one year, as suggested by the FCC's guidelines. A copy of financial statements from the past two years, and the Company's March 31, 2004 financial statements, are enclosed for your review.

In closing, the Company regrets that it has not complied with its USF payment obligations and we want to bring the Company into full compliance. We hope that this letter has shed some light on our fight for survival and thought process along the way. We are now positioned to make contributions to the USF on a current basis, address our arrearage in a reasonable settlement and most importantly, continue to thrive as a profitable and healthy competitive telecom service provider.

We look forward to meeting you in person at your convenience to review and discuss our proposal and answer any questions you may have.

Very truly yours,

Jeffrey E. Ginsberg
Chairman

Encl.

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August 12, 2004

VIA HAND DELIVERY AND ELECTRONIC MAIL

Jeffrey Mitchell, Esq.
Office of the General Counsel
Universal Service Administrative Company
2000 L Street, N.W. Suite 200
Washington D.C. 20036

Re: Federal Universal Service Fund Contribution Payment Plan for Eureka Broadband Corporation, successor-in-interest to Gillette Global Network, Inc. (Filer ID # 820387)

Dear Mr. Mitchell:

As we discussed in our prior telephone conversations, Eureka Broadband Corporation d/b/a Eureka Networks as successor-in-interest to Gillette Global Network, Inc. ("Eureka" or the "Company") requests a meeting with the Universal Service Administrative Company ("USAC") to obtain clarification concerning various issues related to invoices, payments and records associated with Eureka's outstanding obligations to the Universal Service Fund ("USF").

In particular, the Company believes that it would be beneficial to both entities if representatives of Eureka and personnel from USAC meet with one another in advance of USAC providing its formal payment plan recommendation to the Federal Communications Commission ("FCC"). A joint meeting between the two entities will ensure that the information USAC provides to the FCC reflects an accurate accounting of all outstanding invoices, payments and adjustments relevant to Eureka and its predecessor companies.

We believe any meeting will be most productive if we discuss the following topics, including: (1) the basis for the balance USAC believes Eureka owes; (2) an explanation of USAC's reliance on reports submitted in 1999 and 2000 by Eureka's predecessor Gillette Global Network; (3) whether any credits or adjustments are applicable to Eureka's accounts; and (4) why Eureka received a DCIA Notice Letter dated July 20, 2004, even though Eureka has come forward voluntarily to propose a payment plan to satisfy its outstanding USF balance.

Finally, in advance of a meeting, we would appreciate if USAC provided Eureka with a spreadsheet itemizing the running total of all credits, payments, late payment fees and outstanding sums, and the dates of any and all DCIA transfers. This information should facilitate an efficient and informative meeting between the two entities.

As we have discussed previously, it is imperative that we receive this information to afford Eureka the ability to know whether it can maintain its existing course of conduct of paying its USF balance per its proposed payment plan submitted on May 10, 2004, or whether USAC believes the existing payment plan should be modified.

The week of September 6, 2004 represents the best range of dates for an in-person meeting with Eureka personnel most qualified to address these issues but we are flexible regarding specific dates and format of the discussion. Please feel free to contact the undersigned to advise us of USAC's availability to host a meeting. We look forward to hearing from you shortly.

Respectfully submitted,

Darius B. Withers

Jonathan E. Canis
Darius B. Withers
Counsel to Eureka Networks

cc: Mark A. Carmichael, Vice-President, Finance, Universal Service Administrative Company
Mr. Michael Lawrence, Universal Service Administrative Company
Mr. Timothy Peterson, Office of Managing Director, Federal Communications Commission
Mr. Jeffrey E. Ginsberg, Chairman, Broadband Corporation d/b/a Eureka Networks
Mr. Adam Lewis, Vice-President, Eureka Broadband Corporation d/b/a Eureka Networks

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DUPLICATE

PROPRIETARY FINANCIAL INFORMATION REDACTED

PROPRIETARY EXHIBITS REDACTED

September 24, 2004

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VIA ELECTRONIC MAIL AND HAND DELIVERY

Jeffrey A. Mitchell, Esquire
Associate General Counsel
Universal Service Administrative Company
2000 L Street, N.W., Suite 200
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FOR SETTLEMENT/ DISCUSSION PURPOSES ONLY

Re: Consideration and Acceptance of Eureka Broadband Corporation's Payment Plan Proposal; September 9, 2004 Meeting with Staff of the Universal Service Administrative Company

Dear Mr. Mitchell:

We are writing to thank you for arranging and participating in the meeting of Thursday, September 9, 2004, between staff members of the Universal Service Administrative Company ("USAC") and representatives of Eureka Broadband Corporation ("Eureka" or "the Company") as successor-in-interest to Gillette Global Network, Inc. ("Gillette"). We are also writing to provide you with Eureka's conclusions regarding the undisputed amount owed by the Company to the Universal Service Fund ("USF") and to provide USAC with supporting documentation for the Company's proposed payment plan.

As an initial matter, we must note our sincere disappointment that after having provided USAC with a significant amount of information to perform an analysis of Eureka's payment plan request on May 10, 2004, well over four months ago, Eureka did not receive a definite and written calculation from USAC specifying the amount of money the Company may owe to the USF until late Monday, September 20, 2004.

Similarly, although we initiated discussions regarding a payment plan with the Federal Communications Commission ("FCC") in April of this year, we did not receive copies of proposed payment plan documents, including a deferred payment plan promissory note and security agreement, until Tuesday, September 21, 2004. Nevertheless, the Company will do

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everything in its power to work cooperatively with USAC and the FCC to reach a resolution regarding a payment plan prior to the end of the federal government's fiscal year on September 30, 2004.

USF Balance Reconciliation and Appeal

Eureka has conducted a review of the invoice and balance calculations provided to the Company earlier this week. As anticipated during the meeting on September 9, 2004, Eureka disagrees with certain aspects of the final calculations performed by USAC. In particular, Eureka disagrees with USAC's application of monies the Company paid to MCI, Inc. (*f/k/a* Worldcom, Inc.) in prior years for USF charges imposed on services purchased by Eureka.

Furthermore, Eureka disagrees with USAC's decision to consider all revenues reported by Gillette for 1999 and 2000 as attributable to Eureka's USF obligation, rather than the revenue amounts reported by Eureka in May of this year. Eureka believes that the amounts the Company reported in *FCC Form 499s*, submitted in May of this year reflect accurately the actual USF-eligible revenues for Gillette in 1999 and 2000.

As we discussed and confirmed with you and Mr. Timothy Peterson of the FCC during the meeting and in subsequent communications, Eureka will appeal to the Commission the decision by USAC to apply either of these amounts to Eureka's USF obligation. The Company will file its appeal shortly.

Eureka's analysis of the outstanding USF debt subject to a payment plan, absent the payments to MCI and application of revenues attributed to Gillette, totals $677,451.45. A detailed calculation of the amount of USF obligation attributable to Eureka is enclosed at Exhibit A. An updated payment schedule based upon this balance is enclosed at Exhibit B.

Supporting Information for Eureka's Payment Plan

As promised during the meeting, we have enclosed at Exhibit C a copy of a cash flow projection for Eureka. It is our understanding that USAC and the FCC will utilize this information to evaluate Eureka's proposed payment plan. In light of Eureka's continued compliance with the terms of its proposed payment plan, including an initial down payment in May of 2004 of $115,014.89 – which was 10% of the calculated balance of $1,150,148.57 – and the Company's consistent submission of monthly payments, Eureka has revised its amortization schedule to reflect remaining payments under the plan. Please be aware that since the submission of its payment plan in May of this year, Eureka has made payments to the USF totaling $357,265.82.

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Furthermore, as soon as they become available from the Company's outside auditors, we will provide USAC with audited financial statements. Notably, in Eureka's earlier submissions in May and July of 2004, Eureka provided USAC with financial statements supported by a declaration from the Company's Chairman that the information in the financial statements are true and correct in all material respects. We do not believe that the absence of these documents should create any delay in USAC providing Eureka and the FCC with an opinion regarding the proposed payment plan.

Payment Plan Documents and Remaining Tasks

Eureka is in the process of reviewing the requirements for a payment plan as described in the documents forwarded to us by USAC on September 21, 2004. Upon receipt of a determination by USAC and the FCC of Eureka's proposed payment plan terms, Eureka can begin discussions regarding specific conditions and requirements contained within the payment plan documents.

In closing, Eureka appreciates the FCC's desire to obtain resolution of this matter quickly. We will continue to provide information to USAC and the FCC in an effort to achieve agreement on a payment plan prior to September 30, 2004. We eagerly await receipt of acceptance of the Company's proposed payment plan terms.

Respectfully submitted,

Darius B. Withers

Jonathan E. Canis
Darius B. Withers
Counsel to Eureka Broadband Corporation

Enclosures (as noted)

cc: Mr. Paul K. Cascio, Assistant General Counsel, Office of the General Counsel, Federal Communications Commission
Ms. Cathy Carpino, Esq., Deputy Chief, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission
Ms. Anita Cheng, Esq., Assistant Chief, Telecommunications Access Policy Division, Wireline Competition Bureau, Federal Communications Commission
Mark A. Carmichael, Vice-President, Finance, Universal Service Administrative Company
Mr. Michael Lawrence, Universal Service Administrative Company
Mr. Jeffrey E. Ginsberg, Chairman, Eureka Broadband Corporation d/b/a Eureka Networks
Mr. Adam Lewis, Vice-President, Eureka Broadband Corporation d/b/a Eureka Networks